



**COUNCIL OF
THE EUROPEAN UNION**

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COVER NOTE

from: The Social Protection Committee
to: Permanent Representatives Committee (Part I) / Council (EPSCO)
Subject: The Social Dimension of the EMU:
(b) Contribution of the Social Protection Committee

Delegations will find attached the above-mentioned SPC report on the state-of-play of on-going SPC work on ex-ante coordination of major social policy reforms within the context of a social dimension of the EMU. with a view to the Council (EPSCO) discussions on 15 October 2013.

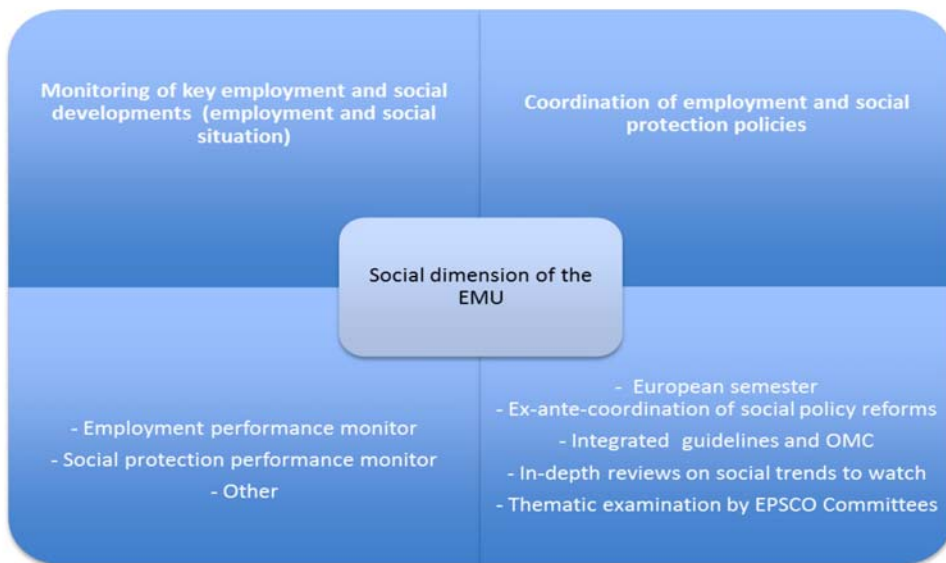


The Social Protection Committee

Social dimension of the Economic and Monetary Union: ex-ante coordination of major social policy reforms

State of play

The Council mandated the SPC to report on the social dimension of the EMU, including on the application of increased ex-ante coordination of major reforms¹. The Committee considers that the social dimension of the EMU should include : i) adequate monitoring instruments for detecting social imbalances and ii) better coordination of social policies under the authority of the EPSCO Council². Figure 1 illustrates this comprehensive approach. With this in mind, the SPC is preparing for EPSCO's endorsement a framework for ex-ante coordination of major social policy reforms. This will underpin the role of the EPSCO Council in the ex-ante coordination of major economic reforms in cases where the economic ex-ante coordination includes social protection reforms.



Following two rounds of discussions, the views of the Committee's members converge toward the following core principles for the ex-ante coordination of major social policy reforms:

¹ See Council conclusions from 22 February 2013, §7, Council document : 6462/13

² See SPC contribution to the IE Presidency on the social dimension of the EMU

1. the social ex-ante coordination will be an inclusive process anchored in the social open method of coordination (OMC) allowing all Member States to participate voluntary and relaying on the commitment of Euro area members to it;
2. the social ex-ante coordination will respect the principle of subsidiarity and the decision-making process at national level. It will allow exchanges of information and policy discussions at the stage of policy design with the aim to improve the coordination of policy approaches, particularly in the Euro area;
3. the procedures of the social ex-ante coordination should as much as possible be aligned to already agreed processes in order to avoid additional burden;
4. the social ex-ante coordination will look at potential spill-over effects arising from major social protection reforms planned in one Member States on other Member States. The spill-over effects can be of different nature: economic spill-over effects on social protection policies and social spill-over effects on economic policies or they may arise from the planned measures.

Until the Council meeting in December 2013, the Committee is expected to reach an agreement on the following remaining parameters of a 'code of conduct' on the social ex-ante coordination:

- the criteria establishing the key reforms which would be covered by an ex-ante coordination. One approach could be to align, where relevant, the SPC contribution to the general process of major economic policy reforms.
- the most appropriate moment for an exchange of information and policy discussion on plans for reforms at EU level with reference to the national institutional procedures and competences. Under all circumstances, national specificities must be respected in regard to the moment of reporting.
- the format to be used for forwarding the SPC appreciation of the discussed reforms to the Council.